

CHAPTER 21  
MUNICIPAL ENERGY SALES AND USE TAX

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Section 21-2-1. Definitions.

1. Consumer: means a person who acquires taxable energy for any use that is subject to the municipal energy sales and use tax.
2. Contractual franchise fee: means:
  - a. A fee;
    - i. Provided for in a franchise agreement; and
    - ii. That is consideration for the franchise agreement; or
  - a. A fee similar to subsection (2)(a) or (2)(b); or
    - i. Any combination of subsection (2)(a) or (2)(b).
3. Delivered value: means the fair market value of the taxable energy delivered for sale or use in the municipality and includes:
  - a. The value of the energy itself; and
  - b. Any transportation, freight, customer demand charges, service charges, or other costs typically incurred in providing taxable energy in useable form to each class of customer in the municipality;

Delivered value does not include the amount of a tax paid under Part 1 or Part 2 of Chapter 12, Title 59 of the Utah Code Annotated.

4. Energy supplier: means a person supplying taxable energy, except for persons supplying a de minimis amount of taxable energy, if such persons are excluded by rule promulgated by the State Tax Commission.
5. Franchise agreement: means a franchise or an ordinance, contract, or agreement granting a franchise.
6. Franchise tax: means:
  - a. A franchise tax;
  - b. A tax similar to a franchise tax; or
  - c. Any combination of subsections (a) or (b)
7. Person: includes any individual firm, partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicated, this state, any county, city, municipality, district, or other

local governmental entity of the state, or any group or combination acting as a unit.

8. Sale: means any transfer or title, exchange, or barter, conditional or otherwise, in any manner, or taxable energy for a consideration. It includes:
  - a. Installment and credit sales;
  - b. Any closed transaction constituting a sale; and,
  - c. Any transaction under which right to acquire, use or consume taxable energy is granted under a lease or contract and the transfer would be taxable if an outright sale were made.
9. Storage: means any keeping or retention of taxable energy in Grantsville City for any purpose except sale in the regular course of business.
  - a. Use: means the exercise of any right or power over taxable energy incident to the ownership or the leasing of the taxable energy.
  - b. Use: does not include the sale, display, demonstration, or trial or taxable energy in the regular course of business and held for resale.
10. Taxable energy: means gas and electricity.

#### Section 21-2-2. Municipal energy sales use and tax.

There is hereby levied, subject to the provisions of this Ordinance, a tax on every sale or use of taxable energy made within Grantsville City equaling six percent (6%) of the delivered value of the taxable energy to the consumer. This tax shall be known as the municipal energy sales and use tax.

1. The tax shall be calculated on the delivered value of the taxable energy to the consumer.
2. The tax shall be in addition to any sales or use tax on taxable energy imposed by Grantsville City authorized by Title 50, Chapter 12, Part 2 of the Utah Code Annotated, The Local Sales and Use Tax Act.

#### Section 21-2-3. Exemptions from the municipal energy sales and use tax.

1. No exemptions are granted from the municipal energy sales and use tax except as expressly provided in Utah Code Annotated 10-1-305(2)(b); notwithstanding an exemption granted by 59-1-104 of the Utah Code.
2. The following are exempt from the municipal energy sales and use tax, pursuant to Utah Code Annotated 10-1-305(2)(b):
  - a. sales and use of aviation fuel, motor fuel, and special fuels subject to taxation under Title 59, Chapter 13 of the Utah Code Annotated;
  - b. sales and sue of taxable energy that is exempt from taxation under federal law, the United States Constitution, or the Utah Constitution;
  - c. sales and use of taxable energy purchased or stored for resale;
  - d. sales or use of taxable energy to a person, if the primary use of the taxable energy is for use in compounding or producing taxable energy or a fuel subject to taxation under Title 50, Chapter 13 of the Utah Code Annotated;
  - e. taxable energy brought into the state by a nonresident for the nonresident's own personal use or enjoyment while within the state, except taxable energy purchased for use in the state by a nonresident living or working in the state at the time of purchase;
  - f. the sale or use of taxable energy for any purpose other than as a fuel or energy; and,

g. the sale of taxable energy for use outside the boundaries of Grantsville City.

1. The sale, storage, use, or other consumption of taxable energy is exempt from the Municipal Energy Sales and Use Tax levied by this Chapter, provided:
  - a. the delivered value of the taxable energy has been subject to a municipal energy sales or use tax levied by another municipality within the state authorized by Title 59, Chapter 12, Part 3 of the Utah Code Annotated; and,
  - b. Grantsville City is paid the difference between the tax paid to the other municipality and the tax that would otherwise be due under this Chapter, if the tax due under this Chapter exceeds the tax paid to the other municipality.

Section 21-2-4. No effect upon existing franchise - credit for franchise fees.

1. This Ordinance shall not alter any existing franchise agreements between Grantsville City and energy suppliers.
2. There is a credit against the tax due from any consumer in the amount of a contractual franchise fee paid if:
  - a. the energy supplier pays the contractual franchise fee to Grantsville City pursuant to a franchise agreement in effect on July 1, 1997;
  - b. the contractual franchise fee is passed through by the energy supplier to a consumer as a separately itemized charge; and
  - c. the energy supplier has accepted the franchise.

Section 21-2-5. Tax collection contract with State Tax Commission.

1. On or before the effective date of this Ordinance, Grantsville City shall contract with the State Tax Commission to perform all functions incident to the administration and collection of the Municipal Energy Sales and Use Tax, in accordance with this Ordinance. The Mayor, with the approval of the City Attorney, as applicable, is hereby authorized to enter into supplementary agreements with the State Tax Commission that may be necessary to the continued administration and operation of the Municipal Energy Sales and Use Tax Ordinance enacted by this Ordinance.
2. An energy supplier shall pay the Municipal Energy Sales and Use Tax revenues collected from consumers directly to Grantsville City, monthly if:
  - a. Grantsville City is the energy supplier; or
  - b. (i) the energy supplier estimates that the municipal energy sales and use tax collected annually from its Utah consumers equals \$1,000,000 or more; and  
(ii) the energy supplier collects the Municipal Energy Sales and Use Tax.
  - c. An energy supplier paying the Municipal Energy Sales and Use Tax directly to Grantsville City may deduct any contractual franchise fees collected by the energy supplier qualifying as a credit and remit the net tax less any amount the energy supplier retains as authorized by 10-1-307(4),

Utah Code Annotated.

Section 21-2-6. Incorporation of Part 1, Chapter 12, Title 59, Utah Code, including amendments.

1. (a) Except as herein provided, and except insofar as they are inconsistent with the provisions of title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act, as well as this Ordinance, all of the

provisions of Part 1, Chapter 12, Title 50 of the Utah Code Annotated 1953, as amended, and in force and effect on the effective date of this Ordinance, insofar as they relate to sales and use taxes, excepting Sections 59-12-101 and 95-12-119 thereof, and excepting for the amount of the sales and use taxes levied therein, are hereby adopted and made a part of this Ordinance as if fully set forth herein.

- a. Wherever, and to the extent that in Part 1, Chapter 12, Title 50, Utah Code Annotated 1953, as amended, the State of Utah is named or referred to as the "taxing agency," the name of Grantsville City shall be substituted, insofar as is necessary for the purposes of that part, as well as Part 3 Chapter 1, Title 10, Utah Code Annotated 1953, as amended. Nothing in this subparagraph shall be deemed to require substitution of the name Grantsville City for the word "State" when that word is used as part of the title of the State Tax Commission, or of the Constitution of Utah, nor shall the name of Grantsville City be substituted for that of the State in any section when the result of such a substitution would require action to be taken by or against Grantsville City or any agency thereof, rather than by or against the State Tax Commission in performing the functions incident to the administration or operation of this Ordinance.
- b. Any amendments made to Part 1, Chapter 12, Title 59, Utah Code Annotated 1953, as amended, which would be applicable to Grantsville City for the purposes of carrying out this Ordinance are hereby incorporated herein by reference and shall be effective upon the date that they are effective as a Utah statute.

Section 21-2-7. No additional license to collect the Municipal Energy Sales and Use Tax required - no additional license or reporting requirements.

No additional license to collect or report the Municipal Energy Sales and Use Tax levied by this Ordinance is required, provided the energy supplier collecting the tax has a license issued under 59-12-106, Utah Code Annotated.

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